

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE CHINA MEDIAEXPRESS HOLDINGS,
INC. SHAREHOLDER LITIGATION

This Document Relates to:

ALL ACTIONS

Civil Action No. 11-cv-0804 (VM)

CLASS ACTION

ECF Case

Electronically Filed

INTERIM REPORT OF RECEIVER

Karl Barth, as Court-appointed Receiver (“Receiver”), submits this report of receivership activities through May 31, 2016. As described in more detail below, the receivership currently has net assets of \$3,299,790, consisting entirely of a cash balance in the receivership trust account resulting from the settlement of legal claims brought against certain of CCME’s former insurers. The Receiver continues to pursue legal claims against additional third parties that he hopes will increase the value of the receivership over the coming months.

A. Settlements With Certain of CCME’s Former Insurers

The Receiver is actively pursuing claims against certain of CCME’s former insurers that sold the Company director and officer insurance coverage, but which have asserted various coverage defenses and denied coverage for these policies. CCME purchased a total of \$20 million of insurance in three layers of coverage: 1) a \$5 million primary layer of coverage jointly underwritten by Torus Executive Risks, Ltd. and Starr Underwriting Agents, Ltd.; 2) a \$5 million secondary “excess” layer underwritten by AIG Insurance Hong Kong Limited; and 3) a \$10 million additional excess layer of coverage jointly underwritten by China Pacific Insurance Co., (H.K.) Ltd. and China Ping An Insurance (Hong Kong) Co. Ltd.

The Receiver filed litigation against each of these carriers, and has obtained settlements to date totaling \$3.3 million from the joint underwriters of the \$5 million primary layer of coverage. These settlements were previously approved by the Court on October 30, 2015 (Starr Underwriting Agents, Ltd./ Lloyd's Syndicate 1919 CVS)¹ and December 16, 2015 (Torus Executive Risks, Ltd.).²

B. Current Receivership Net Asset Balance

The receivership currently has net assets of \$3,299,790, which are held in a trust account at Union Bank, N.A in the name of China MediaExpress Holdings, Inc. and under the control of the Receiver. This balance consists of the above-referenced \$3.3 million in settlements obtained from CCME's prior insurers, less only \$210 in bank charges (\$200 in monthly service charges, and one \$10 fee related to wiring the settlement funds from counsel's trust account). The receivership has paid no other expenses.

C. Accrued Payables From the Receivership

The Receiver will not seek any fee from the receivership for his service as Receiver or his role in obtaining these settlements, but will soon request the payment of attorneys' fees to his counsel that represented the receivership and were instrumental in obtaining the \$3.3 million in settlements, and who continue to represent the receivership in its claims against CCME's other insurers.

D. Continuing Efforts of the Receiver

The Receiver's litigation in this Court also asserted claims against the underwriters of both excess layers of coverage, but the claims against these remaining insurers were stayed in favor of an arbitration clause requiring that the dispute be brought before an arbitration tribunal

¹ Docket No. 272.

² Docket No. 284.

in Hong Kong. The Receiver and his counsel are preparing to pursue the claims against these remaining insurers in arbitration in Hong Kong.

The Receiver is actively investigating the possibility of employing certain investigative and legal strategies regarding potential assets in the People's Republic of China, but will seek Court approval before pursuing any such strategies.

The Receiver is also investigating potential legal claims against another third party, and will report back to the Court on this potential claim in the very near future.

DATED: May 31, 2016

HAGENS BERMAN SOBOL SHAPIRO LLP

By /s/ Karl P. Barth
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Receiver of China MediaExpress Holdings, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I am the ECF User whose ID and password are being used to electronically file the foregoing with the Clerk of the Court using the CM/ECF system on May 31, 2016, which will send notification of such filing to the e-mail addresses registered, as denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

/s/ Karl P. Barth
KARL P. BARTH

Mailing Information for a Case 1:11-cv-00804-VM-GWG McIntire v. China Media Express Holdings, Inc.

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